

December 2016

Kiwibank Notice Saver Terms and Conditions

What is Notice Saver?

Notice Saver is an investment where **You** agree to deposit money into an **Account** and give **Us** the right number of days' notice before making a withdrawal and **We** agree to pay **You** a rate of return. Rates of return can change during **Your** investment (meaning they could go up or down), but **We** agree to pay **You** the rate that applies for **Your** notice option.

You need to keep **Your** balance above the minimum amount (at the moment, \$2,000) and **You** need to give **Us** the right number of days' notice before making a withdrawal. Provided **You** do these things, **We** agree to pay **You** the rate of return for the notice period you've chosen. Otherwise an interest adjustment will apply.

Unlike a Term Deposit, **You** can keep adding money into **Your Account** at any time.

Notice Saver is a fund in the Kiwibank PIE Unit Trust (**Trust**). The **Trust** is a Portfolio Investment Entity (**PIE**), for tax purposes. Because Notice Saver is a managed fund that is also a **PIE** other terms apply and these are explained in this document. **You** should read **These Terms**.

As Notice Saver is part of the **Trust**, **Your** investment and the **Account** into which it is paid is held by a **Supervisor** on **Your** behalf. More information about the **Trust** is provided in this document.

These Terms form the basis of **Our** agreement with **You** to invest in the **Notice Saver Fund**. The details of this agreement will be given or sent to **You**.

How do I sign up?

If you're not already a Kiwibank customer, **You** need to open an **Account** with **Us**, either by going in to **Your** local Kiwibank, applying online or calling **Us** on 0800 523 523.

If **You** choose to have an **Account** with **Us** this means **You** agree to be bound by Kiwibank's General Terms and Conditions (**GTC**). It is important that **You** read the **GTC**. A copy is on **Our** website.

By opening a Notice Saver **Account**, **You** also agree to be bound by the **Trust Deed**. For more information on the **Trust Deed** and the **Trust**, refer to the Sections 'Who's involved in the Trust?' & 'What is in the **Trust Deed**?' below. The **Trust Deed** is available on the Kiwibank website at kiwibank.co.nz or on request from Kiwibank.

What is the Notice Period?

When **You** sign up, **You** select a notice period from the range **We** offer. This is then the minimum amount of notice **You** must give **Us** in order to withdraw all or part of **Your** money from Notice Saver.

The notice period is calculated in calendar days and excludes the day that notice is given. If the last day of **Your** notice period falls on a non-business day, a withdrawal request will be processed on the next business day. As long as **You** give the correct amount of notice before making a withdrawal or redemption, **You** will receive the rate of return allocated to that notice period.

You can find the current notice periods and rates of return for Notice Saver on the "Compare rates" page of Kiwibank's website at kiwibank.co.nz. These rates of return may change at any time without notice. This means they can go up or down during the course of **Your** investment.

How do I give notice?

You can give notice through internet banking, by calling **Us** on 0800 11 33 55, or at **Your** local Kiwibank.

How do withdrawals work?

If **You** give the required amount of notice, **You** may withdraw part or all of **Your** money from Notice Saver without charge.

If **You** request an immediate withdrawal without providing the required amount of notice, **You** will need to pay an **Immediate Withdrawal Charge**. Once **You** request an immediate withdrawal, **You** can't change **Your** mind unless **We** agree otherwise. **We** may refuse any immediate withdrawal request at **Our** absolute discretion.

Funds **You** withdraw will be paid to **Your Nominated Account**.

What is the Immediate Withdrawal Charge?

The **Immediate Withdrawal Charge** is an interest adjustment. The adjustment will depend on the length of the notice period, the amount **You** wish to withdraw, and the current rate of return for **Your** Notice Saver investment.

The **Immediate Withdrawal Charge** is based on the lesser of:

1. The amount withdrawn multiplied by the current rate of return divided by the number of days in the year. This is then multiplied by the notice period.
2. Interest earned and accrued over the previous period equivalent to the notice period.

Examples of how the **Immediate Withdrawal Charge** is applied can be found on the “Notice Saver” page of Kiwibank’s website at kiwibank.co.nz.

What returns will I get from Notice Saver?

Notice Saver aims to provide **You** with a pre-tax return exceeding that received from a deposit in an online call account with Kiwibank.

You can find the current notice periods and rates of return for Notice Saver on the “Compare rates” page of Kiwibank’s website at kiwibank.co.nz. These rates of return may change at any time without notice. This means they can go up or down during the course of **Your** investment.

Notice Saver invests exclusively in a New Zealand dollar, interest bearing deposit with Kiwibank. Kiwibank pays interest on the deposit at a rate equal to the average return for each **Unit** in the **Fund** (weighted according to the balance of each **Account**) before tax plus any fees and charges.

We will deduct any tax, fees and charges owing from **Your** return.

You can choose to have **Your** net returns for each month:

- paid on the last day of the month back into **Your** Notice Saver **Account** where the interest and existing balance will compound;
- credited on the last day of the month to another account, held either with Kiwibank or another bank (**Your** Nominated **Account**); or
- if **You** choose to close **Your** Notice Saver **Account** at the end of **Your** notice period then all of **Your** return will be paid to **You** at the time of closure.

Your net returns will appear on **Your** electronic or paper **Account** statement at the end of that month or, if **You** withdraw **Your** investment entirely, the next statement **You** receive after that.

How much money can I deposit?

You can choose to invest up to \$5 million across all Kiwibank products (although for business entities a maximum of \$1 million of this can be held in Notice Saver).

The minimum balance for each **Account** in Notice Saver is \$2,000. **Your** balance can fall below \$2,000, but **You** will not earn any return until it reaches \$2,000 again.

If **Your** balance falls below \$2,000 **We** may, at **Our** discretion, refund **Your** investment.

What is it going to cost me?

We don't currently charge **You** any fees for investing in Notice Saver or for **Our** management or administration of Notice Saver. However if **You** want to make a withdrawal from **Your** Notice Saver **Account** immediately, without giving the required notice, **You** will need to pay an **Immediate Withdrawal Charge** as already described. **We** may in limited cases and at **Our** sole discretion waive this charge.

Refusal of repayment

While **We** will generally repay **Your** investment and any returns owing, **We** may refuse to repay **Your** Notice Saver investment and any return owing to **You** if:

- **We** know or reasonably suspect something illegal has happened or may happen in relation to **Your** investment; or
- **You** have not provided all required information, or **We** have not been able to verify it to **Our** reasonable satisfaction.

How is my investment taxed?

The **Trust** pays tax under the **PIE** rules. This means that all taxable income on **Your** investment in Notice Saver is taxed at **Your** Prescribed Investor Rate (**PIR**). Currently PIR rates for individuals and entities are 0%, 10.5%, 17.5% or 28%. Information on how to calculate **Your** PIR can be found on the Inland Revenue website at ird.govt.nz.

We need **Your** PIR and IRD number in order to open a Notice Saver **account**. It's important that **You** give **Us** the correct PIR. If the PIR **You** give **Us** is too low **You** will need to include **Your** Notice Saver interest in a tax return and will be taxed at **Your** relevant tax rate. Alternatively, if **You** give **Us** a PIR that is too high, **You** will not be able to get a refund of the tax paid. If **You** do not give **Us** a PIR at all, **Your** returns will be taxed at the PIR default rate of 28%, which may be higher than **Your** correct PIR.

We will generally deduct any tax liability from **Your Account**, on **Your** returns up to the date of **Your** withdrawal. However, **We** may also deduct the tax paid or owing to **Us** or the **Supervisor** from any amount that **We** pay to **You**.

It is important that **You** understand the tax consequences for **You** if **You** invest in Notice Saver and **You** should seek professional tax advice before **You** invest in the **Trust**. Tax advice cannot be provided by the **Manager**, Kiwibank or any related entities of the **Manager**, Kiwibank, or the **Supervisor**. **We** are also not responsible for any tax consequences **You** might experience.

What changes can the Manager make to Notice Saver?

We may change **Our** policy on paying the **Supervisor's** fees, and the Notice Saver costs and expenses incurred by **Us** and the **Supervisor**. **We** will give **You** at least three months' written notice if **We** intend to do this.

We may also change:

- the minimum and maximum initial amount **You** may invest and minimum and maximum balance and minimum withdrawal requirements;
- the **Trust's** distribution policy for its returns;
- the investment objectives and policies for the Fund; and
- the **Trust Deed**, in certain circumstances, and only by agreement with the **Supervisor**.

We will give **You** at least one month's written notice if **We** intend to make any of these changes.

We may also terminate the Fund if **We** give **You** three months' written notice. If the **Trust** is terminated **You** will receive **Your** investment and returns as set out in the **Trust Deed** and at law.

When can the Manager cancel an investment?

The **Manager** can cancel **Your** investment if:

- **Your** balance falls below \$2,000;
- **Your** investment threatens or causes the **Trust** to become ineligible as a **PIE**. For example if **You** (together with any person associated with **You**) hold more than 20% (or such other percentage as **We** determine) of the total value of the Fund.

Am I guaranteed to get my investment back?

Investments in Notice Saver are investments in a managed fund and do not directly represent deposits or liabilities of Kiwibank. However, the **Fund** invests with **Our** parent company Kiwibank and Kiwibank guarantees **Our** obligation to pay **You** under the **Trust Deed**.

New Zealand Post Limited had also guaranteed Kiwibank's payment obligations under this guarantee.

New Zealand Post has given notice that it will terminate this guarantee effective from 28 February 2017.

This will not affect any payment obligations of Kiwibank that were already guaranteed at the time the guarantee is terminated. There could be situations in which **You** may not get back the money **You** invested in Notice Saver. That includes if the **Trust** and **Our** parent or ultimate holding companies become insolvent or are wound up, or if **We** are required by Inland Revenue or otherwise by law to deduct or withhold money from **Your** investment.

Who's involved in the Trust?

Kiwibank Investment Management Limited is the **Manager** and Issuer of the **Trust**. The **Manager** is a wholly-owned subsidiary of Kiwibank.

Trustees Executors Limited is the trustee and **supervisor** of the **Trust** and supervises the **Manager's** performance of its legal obligations and duties, including those set out in the **Trust Deed**.

What is in the Trust Deed?

When **You** deposit money in Notice Saver, **You** are issued with Units under the **Trust Deed** and **You** are bound by its provisions. The **Trust Deed**:

- sets out the terms on which the **Supervisor** holds the assets of the **Trust** for **You** and other Unit holders;
- sets out the powers and responsibilities of the **Manager** and the **Supervisor**;
- governs **Your** investment in a Unit in the **Trust**;
- provides that the **Supervisor** and the **Manager** are indemnified out of the **Trust's** assets for any costs incurred in performing their duties;
- allows **Us**, in certain circumstances and with the **Supervisor's** agreement, to amend the **Trust Deed** without consulting **You**.

Termination of the Trust

The **Trust** can be terminated:

- if **We** give **You** three months' written notice;
- if **investors** pass an extraordinary resolution to terminate it; or
- under the **Trust Deed** or by law.

If the **Trust** is terminated **You** will receive **Your** investment and returns as set out in the **Trust Deed** and at law.

Supply of information

We need to gather information from **You** to comply with **Our** legal obligations and to provide banking services to **You**. All information **You** give **Us** is held in accordance with the Privacy Act 1993. Further details about how **We** might use and disclose **Your** information is in the **GTC** and on **Our** website.

We may ask **You** to provide information to **Us** to determine whether the **Trust** continues to meet the **PIE** eligibility requirements. **You** must supply the information **We** request within 30 days of Our request.

Other information you can obtain

You can obtain a copy of Kiwibank's Disclosure Statement at kiwibank.co.nz.

We will provide **You** with any additional information, for example a copy of any changes to the **Trust Deed** or the investment policy for the **Fund** as required.

Who do I contact if I have a question or a problem?

You can find out **Your** balance, notice period, current rate of return and other **account** information online via Internet Banking, at **Your** local Kiwibank or by calling 0800 11 33 55.

For other enquiries, including any complaints or problems **You** have with **Your** investments in the **Trust**, contact **Us** at:

Kiwibank Investment Management Limited
Level 8, New Zealand Post House
7 Waterloo Quay
Wellington 6011

Postal address:

Private Bag 39888
Wellington Mail Centre
Lower Hutt 5045

Telephone: 0800 11 33 55
From overseas: +64 (4) 473 11 33
Fax: (04) 462 7922
Email: service@kiwibank.co.nz

You can contact the **Supervisor** at:

Trustees Executors Limited
Level 5, 10 Customhouse Quay
Wellington 6011

Telephone: (04) 495 0999
Fax: (04) 496 2952

Meaning of words

What do the words in bold mean?

Account means, in relation to a Unit, the **account** maintained by the **Supervisor** in relation to that Unit and to which amounts are credited and debited in accordance with the **Trust Deed**.

Fund means Kiwibank Notice Saver.

GTC means Kiwibank's "General Terms and Conditions".

Immediate Withdrawal Charge means the interest adjustment that will apply if **We** allow **You** to make an immediate withdrawal from **Your** Notice Saver, without giving the required amount of notice.

Nominated Account means the New Zealand bank account nominated by **You** in **Your** application and to which any amount owing to **You** on a withdrawal or redemption from Notice Saver, will be paid (credited) by **Us**.

PIE means "Portfolio Investment Entity" as defined in the Income Tax Act 2007.

Proxy means a **proxy** that holds **Units**, or applies to hold **Units**, on behalf of another person or entity (as referred to in section HM 33 of the Income Tax Act 2007).

Supervisor means Trustees Executors Limited, as the trustee and supervisor of the **Trust**.

Trust Deed means the Kiwibank PIE Unit **Trust Deed** dated 26 May 2008 and the Kiwibank Notice Saver Establishment Deed dated 26 October 2010 (as amended from time to time).

These Terms means the terms and conditions set out in this document (as changed, updated or replaced).

Trust means the Kiwibank PIE Unit Trust established pursuant to the **Trust Deed**.

Unit means an undivided proportionate share in the beneficial interest in the assets of the **Fund** to which the **Unit** belongs.

We, Manager, our and **us** mean Kiwibank Investment Management Limited.

You, your and **investor** mean the person or entity who invests in the **Fund**, and where investments are made through a **Proxy**, the **Proxy** is the **investor**. If more than one of **You** are investing together, "**You**" and "**investor**" mean each of **You** jointly and individually, unless the context requires otherwise.

In addition, all terms defined in the **Trust Deed** (which are not separately defined in **These Terms**) have the same meanings where used in **These Terms**, unless the context otherwise requires.